



NEWS RELEASE

No.2005-C-132

Feb 24, 2005

R&I Assigns A+: Nomura Real Estate Office Fund SB No1&2

Rating and Investment Information, Inc. (R&I), has assigned the following ratings:

ISSUER: **Nomura Real Estate Office Fund, Inc. (Sec. Code: 8959)**
 Long-term Debt
 New Issue

R&I RATING: A+

RATIONALE:

Listed in December 2003, Nomura Real Estate Office Fund, Inc. (NOF) is a real estate investment trust (REIT) with Nomura Real Estate as the principal shareholder. As of the end of October 2004, assets held by the trust included 18 buildings valued at 151.54 billion yen (on an acquisition value basis) and there are plans to acquire the JAL building in March this year at 33 billion yen. NOF specializes in investment in office buildings.

NOF invests chiefly in high quality large office buildings and, thanks to satisfactory growth (increase in the scale of the funds), there has been steady progress in the diversification of its portfolio. The assets management company has superior administration and management expertise which underpins the value of the properties. Moreover, NOF has a very conservative financial strategy as demonstrated by the low level of its target debt ratio. The strong support of the Nomura Real Estate Group can also be expected in both the acquisition of properties and their management. As competition in the acquisition of superior buildings escalates, the question as to whether NOF can maintain its favourable growth to date will be an issue.

Funds raised from this issue are expected to be appropriated to repayment of existing loans and the acquisition of new buildings. Specific target values for the investment corporation debt ratio, has been set as restrictive financial covenants for the investment corporation bonds. There is a possibility that these values will fluctuate significantly as the operating assets continue to increase. R&I plans to monitor trends appropriately.

R&I RATINGS:

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ISSUE: Bonds Rated	Issue Date	Redemption	Issue Amount (mn)
Unsec. Str. Bonds No. 1	Mar 16, 2005	Mar 16, 2015	Yen 5,000
Unsec. Str. Bonds No. 2	Mar 16, 2005	Mar 16, 2020	Yen 5,000

Notes/Financial covenants:

- 1) negative pledge clause, which covers other unsecured domestic bonds the firm has issued or may issue in the future, except those with a change of security status clause
- 2) Restrictive financial covenants (Maintenance of investment corporation debt ratio)
- 3) a change of security status clause

R&I RATING: A+

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NEWS RELEASE

Senior Long-term Credit Rating: A+
Rating Outlook: Positive

An R&I Senior Long-term Credit Rating is an opinion regarding an issuer's overall capacity to pay its entire financial obligations, without taking into account the degree of recovery of specific obligations.

A Senior Long-term Credit Rating will be assigned to all issuers. Ratings for individual issues may differ from the Senior Long-term Credit Rating, depending on the terms and conditions of the issue.